I.   Introduction

A.   Purpose

The California Department of Corporations (DOC) has a three-part mission:

1.   To rigorously enforce the laws of the State, ensuring that all of California's financial services consumers enter the marketplace with confidence;

2.   To open the door to financial security for all Californians by educating vulnerable populations about the risks and rewards of investing; and

3.   To provide businesses with a financial services marketplace that is transparent, cost-effective and efficient.

B.   Activities

1.   The DOC licenses and regulate a variety of businesses that affect the lives of Californians and represent a significant part of the state's economy, including securities brokers and dealers, investment advisers and financial planners, and certain fiduciaries and lenders. The Department also regulates the offers and sales of securities, franchises and off-exchange commodities.

II. Program Metrics

In connection with the Performance Improvement Initiative, the Department lists 8 metrics in three major programs:

A.   Investment

1.   Number of examinations of licensees conducted – in 1999/2000 and 2000/01 the number of exams was fairly constant, averaging 675; the number spiked in 2001/02 to 810, but has been steadily decreasing since then.

2.   Number of outreach presentations at events – this is educational information provided to help prevent fraud and avoid victimization. Since 2001/02 with 101 presentations, the numbers have significantly increased to 839 in 2002/03 and a projected 1,036 in 2003/04.

3.   Number of educational information packets distributed on how to help prevent fraud and avoid victimization – the number was fairly stable in 2001/02 and 2002/03, and is expected to spike in 2003/04 to 416,614.

4. Number of attendees at educational presentations and events on how to help prevent fraud and avoid victimization - the number has increased significantly, from 4,619 attendees in 2001/02 to 56,156 in 2002/03, and is currently projected to increase to over 200,000 in 2003/04.

B. Lender-Fiduciary Program

1. Number of examinations of licensees conducted – for 1999/2000 and 2000/01, the number of exams conducted was fairly constant. The number of exams took a downturn in 2001/02 to 1,082 and is expected to continue to decline to 730 exams projected in 2003/04.

2. Dollars returned to consumers who were overcharged (refunds) – From 1999/2000 through 2001/02, the numbers increased slightly and averaged $3.7 million. In 2002/03, there was a large spike and refunds increased to $13.9 million. In 2003/04, refunds are expected to level back off at approximately $3 million.

C. Investment and Lender Programs – Customer Service (Began October 2002)

1. Number of calls received – the number of calls for the last 9 months of 2002/03 was almost 20,000 and in 2003/04 the number is projected to increase significantly, to 66,450 calls.

2. Number of calls referred to other agencies for assistance – the number of calls referred since the unit began is averaging 600-700 per month.

III. Benchmarking

The Department reports no standards or benchmarks with other states.

IV. Department Website (http://www.corp.ca.gov)

A. Online services offered

1. Applications, amendments, reports, notices and fees can be filed electronically with the Investment Adviser Registration Depository.

2. Electronic application procedures for registered broker-dealers filing with the Central Registration Depository.

3. Implement an online filing system through the Internet for notices of exemption filed pursuant to the "limited offering exemption."

4. Exempt from approval Internet advertisements posted on a franchisor's website, as specified; and update certain disclosure requirements pertaining to gross earnings claims and forum selection.

5. Licensing process for deferred deposit lenders by adopting both a "long-form" and a "short-form" application.